

STATE OF NEBRASKA

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Beneficiaries Discover “Doughnut Hole” in Medicare Plans

Nebraska residents with Medicare are learning that a “doughnut hole” isn’t just a fried pastry, thanks to a coverage gap built into the new Medicare prescription drug benefit.

Beneficiaries across the country have begun to reach a coverage gap in their prescription drug plans that requires them to pay full price for their medications.

“It’s important for people to know if their plan has a gap in coverage, and whether or not they will meet it,” said Jina Ragland, Director of the Nebraska Senior Health Insurance Information Program (SHIIP). “We’ve counseled individuals who weren’t aware of the ‘doughnut hole,’ and were shocked to find they are now responsible for the full price of their drugs.”

In 2006, each provider was required to offer a standard benefit, which includes a coverage gap once a beneficiary’s drug costs reach \$2,250. This annual limit is based on the total cost of each medication, not just the amount the beneficiary pays. Enrollees also continue to pay their monthly plan premium once the coverage gap is reached.

Not all Medicare prescription drug plans include a gap in coverage. Some enhanced plans offer partial or full coverage through the so-called “doughnut hole.” Certain groups of people, such as those with Medicaid benefits and those who receive the limited-income subsidy from the Social Security Administration, will also not incur a coverage gap.

Once affected beneficiaries enter the coverage gap, they are required to pay full price for their drugs until they have paid a total of \$3,600 out-of-pocket for the year. Once this threshold is met, their plan will pay 95 percent of their covered drug costs for the rest of the calendar year.

“We encourage people to continue using their plan, as whatever amount paid for their drugs will be applied toward getting out of the doughnut hole,” said Ragland. “Beneficiaries may also talk to their doctor and see if lower-cost generic drugs are an appropriate alternative to any brand-name drugs they may be taking.”

Some pharmaceutical assistance programs are available to those who cannot afford the full cost of their drugs. Medicare beneficiaries have the right to change prescription plans during an open enrollment period, which begins November 15 and runs through December 31 each year.

Beneficiaries are encouraged to contact the Nebraska Senior Health Insurance Information Program (SHIIP) at 1-800-234-7119 for more information.

The Nebraska Senior Health Insurance Information Program (SHIIP) is part of a national network, funded by a grant from the Centers for Medicare & Medicaid Services, that offers unbiased counseling and educational services designed to help senior citizens and those with disabilities make informed decisions on topics related to health insurance. With over 200 volunteers across the state, the Nebraska SHIIP is coordinated within the Nebraska Department of Insurance.

